

Act 299  
Medicaid Delivery Options Subcommittee Report

Chairperson: Rick Henley, Office of Aging and Adult Services  
Co-Chairperson: Chris Pilley, CARSA  
Members: Shellie Fields, ARCO Monroe

## **Executive Summary**

### **Background**

Generally speaking, Medicaid regulations prohibit payments of Medicaid services to anyone other than the recipient or the actual provider of services. One exception to the prohibition is via the use of an Organized Health Care Delivery System (OHCDS). 42 CFR 447.10 defines an OHCDS as “a public or private organization for delivering health services. It includes, but is not limited to, a clinic, a group practice prepaid capitation plan, and a health maintenance organization.”

In order to be an OHCDS, a provider must be enrolled in and provide at least one Medicaid funded health care service to its consumers directly through its own employees. The OHCDS designation allows for the OHCDS entity to contract with and bill on behalf of individual providers for the payment of other Medicaid payable services if the subsumed providers have a contract with the OHCDS providing for the billing arrangement.

OHCDS providers may reimburse other service providers with whom it has a contract with at a rate equal to or less than the approved Medicaid rate for the service to be delivered. The OHCDS is responsible for processing claims, maintenance of documentation, and the verification of the credentials of the providers with whom it subcontracts. The sub-contracted providers do not have to be enrolled in Medicaid. The OHCDS provider is also responsible for ensuring the subcontracted service is delivered in accordance with the plan of care, the individual cost plan, and the applicable qualified provider standards for the service. The OHCDS provider is also responsible for the establishment and maintenance of a funding and service delivery paper trail, enabling auditors to verify the delivery of services in accordance with funding.

No qualified provider can be required to subcontract with an OHCDS, and no consumer may be denied free choice of provider by an OHCDS.

### **Purpose of This Report**

In developing a comprehensive plan regarding the quality of services provided to individuals receiving home and community based services, the subcommittee explored the use of OHCDS, specifically by reviewing how and where OHCDS are currently used in a number of other states and how they may be put to use in the Louisiana as an option for the provision of Medicaid-funded home and community based services.

## **Principal Findings**

### ***Current Use of OHCDs in Other States***

The subcommittee found at least 6 states that use OHCDs: New York, Montana, Maryland, Massachusetts, Pennsylvania, and Missouri. Of the identified states, all but one (Pennsylvania) use an OHCDs for the provision of waiver services targeting the developmentally disabled population.

**Missouri:** Missouri has built this option into its waivers that serve those with a developmental disability, with the specific intent that providers with this designation agree to serve as a fiscal intermediary for families and consumers who wish to employ their own personal care assistants (personal care assistance is a service under the waiver). Missouri has designated its regional developmental disabilities offices as OHCDs. These regional offices furnish service coordination to HCBS waiver participants as well as other individuals. Missouri selected the OHCDs mechanism in order to encourage and make it easier for individuals and families to secure services from "non-traditional" providers (*e.g.*, neighbors, friends).

**Massachusetts, Maryland, Montana, and New York:** These states' departments that serve persons with developmental disabilities are deemed as OHCDs' for their waiver (and non-waiver program in New York). Specifically, in Massachusetts, the OHCDs furnishes case management services to program participants through its regional and area offices. New York uses this arrangement to purchase state plan personal care.

### ***Potential Benefits and Uses of OHCDs***

Use of the OHCDs arrangement in Massachusetts has enabled the state to follow congruent contracting policies for both Medicaid and non-Medicaid services. Providers bill and are paid by the state, which in turn recoups federal Medicaid payments (if applicable).

OHCDs arrangements are used in many states to simplify contracting and payments and are recognized in the federal home and community based services waiver guidelines contained in the State Medicaid Manual. OHCDs contracting could have several advantages:

- It can match up well with typical home and community service structures, which often feature contracting with "master providers" that seek out and contract with other agencies and individuals to furnish services to individuals.
- It helps avoid some of the problems and complications independent contractors face when they must seek payment through a state's Medicaid claims processing system. For example, if a family wishes to hire a neighbor to provide respite, standard Medicaid contracting and claims submission procedures might discourage such an arrangement. The OHCDs mechanism can enable agreements to be entered into more quickly, with the OHCDs addressing the complications of Medicaid claiming.
- The OHCDs mechanism can be particularly apt in aligning contracting and payment practices when a state or local program authority is involved in the purchase of services. It enables the state to use common contracting and payment processes for both Medicaid and non-Medicaid services, thereby avoiding duplication.
- A potential provider is not restricted to furnishing services through an OHCDs. The provider may elect to bill the Medicaid agency directly, and be paid directly as well.

### ***Potential Benefits and Uses of OHCDs in Louisiana***

Based on the subcommittee's initial findings, further research is recommended to assess whether the Office for Citizen's with Developmental Disabilities (OCDD) could be used as an OHCDs, similar to the models mentioned above. It appears that using OCDD as an OHCDs provider could lead to state general fund cost reductions because such an arrangement would allow OCDD to claim the enhanced Medicaid payment rate for vendor payments as opposed to the lower administrative cost match rate. Further, it also could also provide OCDD greater flexibility in transitioning placements for consumers transitioning from institutions to the community. Such an arrangement also has the potential to allow better coordination of care, particularly for consumers with multiple complex needs, because the OHCDs is not limited to delivering services solely through Medicaid enrolled providers.

Additionally, the OHCDs concept could also be beneficial as a part of the service delivery model for Louisiana's statewide early intervention system (serving children age 0-3), Early Steps. Significant input would be required from OCDD, which is also the Lead Agency for Early Steps. However, it is possible that the OHCDs model could be used as a tool to address systemic issues including providing better access for underserved and rural populations, appropriate service utilization, and implementation of best practices in service delivery. The provider enrollment process could be shortened and simplified as individual providers would not have to enroll with Medicaid; the billing process would also be simplified for these providers. These factors are likely to result in a larger pool of potential providers. The additional potential benefit of the OHCDs model is that the provider entity responsible for contracting with or employing early intervention providers could also provide training and oversight to ensure regulatory compliance, appropriate service delivery, and accountability.

The OHCDs could also be used to address similar problems posed for programs serving other populations, such as the elderly and persons with adult-onset disabilities. For example, the wide array of services now offered by OAAS through the Community Choices Waiver includes many services not traditionally provided by waiver providers. The use of the OHCDs model could encourage providers of these new services to participate in the waiver by enabling them to provide multiple services with less administrative burden. It also would potentially simplify the receipt of services by participants by allowing them to choose a single provider through which multiple services could be obtained.

### ***Steps Needed to Implement an OHCDs in Louisiana***

Should the state decide to use an OHCDs in Louisiana, the process is fairly straight-forward, but does require a considerable amount of time to implement. Steps the state must take include:

- Develop amendments to the waiver application/state plan;
- Submit to the federal oversight agency for approval of the amendments;
- Amend any applicable waiver or state plan rules/policies/procedures to provide for use of OHCDs;
- Develop enrollment packets/contracts for providers to enroll as an OHCDs;
- Make necessary changes to programming to provide for payment of OHCDs; and
- Offer recipients the option to use this type of provider

**Conclusion**

Providing adequate access to care is vitally important to many people with disabilities who wish to remain in the community. This includes, but is not limited to, ensuring that the state has an adequate pool of qualified and willing providers to provide needed services. By offering a mechanism for qualified providers to provide Medicaid services who would not otherwise enroll due to a number of reasons, it appears that the use of an OHCDs in Louisiana has the potential to be a beneficial Medicaid service delivery option. Therefore, the subcommittee recommends that the state explore the use of this option in its waivers and state plan programs.